CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 30, 2006

H.R. 5802

NPS Concessions Reform Act of 2006

As ordered reported by the House Committee on Resources on July 19, 2006

H.R. 5802 would amend the National Park Service Concessions Act of 1998. CBO estimates that implementing H.R. 5802 would have no significant impact on the federal budget. Enacting the bill could affect offsetting receipts and associated direct spending, but we expect that these effects would be less than $500,000 and would offset each other each year. Enacting H.R. 5802 would not affect revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

H.R. 5802 would raise the statutory threshold under which companies are granted a preferential right to renew an expiring contract to operate concessions at units of the National Park System (NPS). Under existing law, companies that earn gross annual revenues of less than $500,000 from concessions operations have this right, which does not guarantee renewal but does allow the existing concessionaire to match the terms of any competing proposal. Under the bill, the preferential right of renewal would apply to all contracts that have revenues of less than $750,000.

The proposed change could affect future offsetting receipts earned from franchise fees or deposits to concession improvement accounts at national parks by dampening the incentives of competing companies to offer terms that are more advantageous to the NPS. However, CBO estimates that any such effect would be minimal because the total amount of offsetting receipts earned on the concessions that could be affected by the bill is small; the NPS presently earns less than $500,000 a year (out of total receipts of more than $45 million) from contracts with a gross value between $500,000 and $750,000. Moreover, because franchise fees and deposits to improvement accounts are available for expenditure without appropriation action, any loss of receipts would be offset by a corresponding reduction in direct spending. CBO estimates that other changes that would be made to NPS concessions practices by the legislation would have no budgetary effect.

The CBO staff contact for this estimate is Deborah Reis. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.